

plans will have an objective of holding the lake at elevation 1454. The Final Report to Congress will contain a fully coordinated Environmental Impact Statement. It will also address the other criteria of the Energy and Water Development Appropriations Acts of 1998 and 1999.

The recently completed Technical Report is the product of a joint Division and District team that looked into the timing and consequences of an uncontrolled overflow from Devils Lake into the Sheyenne River. Due to time constraints, that report relied heavily on the data and analyses contained in the Limits Study completed by St. Paul District in 1998. The Technical Report did not analyze the benefits of lowering the lake. There would be minor benefits from the re-emergence of some of the abandoned secondary roads, but since they were not considered in the Limits Study, these benefits were not included. Some benefits would also result from return of submerged agricultural lands to productivity. However, in accordance with the Limits Study, we assumed that these benefits would be negated by the salinity of the saturating water, which would preclude an early return to productivity. If all the cropland and fallow acreage between elevations 1440 and 1447 were returned to productivity, the average annual benefits would be about \$1 million.

As to the hydrologic modeling, it is important to note that the inflows were assumed to equal those experienced during the recent wet period from 1993 through 1998. Thus, a high inflow rate to the lake has been assumed in the Technical Report analysis. Even so, this results in the lake taking longer to rise to higher levels than previously estimated because the recent hydrologic modeling results utilized in the Technical Report are based on a more accurate estimate of future evaporation as the lake rises and its surface area becomes much greater.

The analytical tools used in the Devils Lake study are designed specifically for the unique system at Devils Lake. This, unlike a riverine system, has no outlet and the lake levels are not independent of each other from one year to the next. For example, the model used to estimate the probability of future lake levels, given the current level of the lake, is uniquely suited for a closed basin such as Devils Lake. It has limitations in that following the snow melt and spring runoff each year, the probability of future lake levels must be recomputed. This is required because it is not possible to accurately forecast snow pack and spring runoff for the next year, which will produce next year's lake level.

I appreciate your continued interest in this effort and look forward to working together to solve this most unfortunate problem.

Sincerely,

PHILLIP R. ANDERSON,
Major General, U.S. Army,
Division Engineer.

Enclosure.

RECOMMENDATIONS

1. Establish six (6) feet of freeboard as design standard for advance measures on Devils Lake.
2. Immediately proceed with necessary reports to include NEPA compliance and PCA Amendment to raise Devils Lake Levee to TOL 1460.
3. Following completion of necessary reports and PCA, raise Devils Lake levee to TOL 1460.
4. Complete Interim Report to Congress within 30 days for submittal to HQUSACE and ASA(CW). Interim Report will target holding lake level at elevation 1454 or lower.
5. Complete Final Report to Congress with analyses of several alternatives, including

outlet plans. One of those plans will have as an objective holding the lake to elevation 1454. The Final Report to Congress will include a fully coordinated Environmental Impact Statement. The Report to Congress will also address the other criteria of the Energy and Water Development Appropriations Acts, 1998 and 1999. Subject to analyses favorable to an outlet, plan completion of the Report to Congress to allow initiation of P&S if the lake approaches elevation 1452 (about 2005) and construction if the lake approaches elevation 1453 (about 2006).

6. Continue to define trigger points for other actions around the lake. Provide incremental protection for Church's Ferry, Minnewaukan, Spirit Lake Nation, and other communities in accordance with PL 84-99 and in coordination with local, State and other Federal interests.

Mr. DORGAN. Madam President, I see the Senator from Mississippi, Mr. COCHRAN, is on the floor. I don't know whether he is prepared to call up the bill or speak on the bill. If not, I was going to speak for an additional 5 minutes, but I certainly don't have to do that. I will defer at this point, if the Senator from Mississippi is ready to take up the bill.

EXTENSION OF MORNING BUSINESS

Mr. COCHRAN. Madam President, if the Senator will yield, I have been told that it has been cleared on both sides of the aisle to continue morning business until 3:45 under the same terms with equal division of time between both sides.

I ask that we extend by unanimous consent morning business until 3:45 p.m.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

INTEREST RATES

Mr. DORGAN. Madam President, if the Senator from Mississippi is prepared to speak on something, I would be happy to defer. I want to speak for 5 minutes on something that is going to happen, perhaps, in a day or so. I have spoken about this a great deal. That is the question of interest rates and the Federal Reserve Board that will be meeting this week.

We are told that the Federal Reserve Board will almost certainly increase interest rates later this week. I thought it would be interesting to include in a discussion on the floor an analysis of what has happened to the rate of inflation in this country.

Interest rates are still at a rather high rate after adjusting for inflation. The economic rent for money is still very high given the historic American standards. The inflation rate—especially the core inflation rate—has dropped very dramatically in recent years. Incidentally, despite all the predictions by all of the best economists at the Fed and elsewhere, they used to say if you penetrate through 6 percent unemployment you clearly have massive inflation problems. You just can't

have low unemployment and low inflation.

The economy, of course, confounded all of them. I think part of the reason was the models are all wrong. The models reflect traditional economic theory, and that doesn't account for the global economy in which producers produce anywhere they want in the world at lower costs and, therefore, put downward pressure on wages in the industrialized countries. But despite that, even if the models are wrong, what has happened is that as unemployment has reduced in this country and come down rather dramatically over the years, so too has inflation.

Looking at the rates of inflation, the Consumer Price Index, going back to 1990, we were at 6 percent, then down to just over 3 percent, under 3 percent, and down under 2 percent. The fact is inflation is well under control. The downward pressures that the global economy has put on wages in this country, I think, will continue to keep the rate of inflation well under control.

The Federal Reserve Board has a different set of circumstances it will evaluate. The Federal Reserve Board is an interesting board. It was created in the nineteen-teens. President Wilson and those involved promised the country: We are not and will not ever create a strong central bank. We just won't do that.

For many years, of course, the Fed has had a central banking function that has been enormously strong, and largely unaccountable. Some people think that is a virtue to be unaccountable to anything or anyone else in the country so it can run monetary policy as it sees fit, unlike others who are involved in the executive and legislative branch running fiscal policy.

The Federal Reserve Board is made up of a Board of Governors. We have one seat vacant. We have one seat that is being vacated. It is also joined in the Open Market Committee by a rotating group of members of the presidents of the regional Federal Reserve banks. The presidents of the Federal Reserve banks are hired and retained by their boards of directors who are their bankers in their regions. Despite the fact they are not confirmed by anyone and are accountable only to the bankers and boards of directors in their region, they come to town on a rotating basis with the Board of Governors' to vote on interest rate policy.

The Fed will probably, the day after tomorrow, decide it should increase short-term interest rates again. I don't agree with that. I think it is a terrible decision to make. I don't think any evidence that justifies a hike in rates. Some of my colleagues come to the floor and say: What are you talking about? Mr. Greenspan ought to be credited for the great economy.

In my opinion, this nation's economic performance—if you review the record—is in spite of the estimates by Mr. Greenspan and the Federal Reserve Board. They insisted we could not